From:	Stan Sokolowski <ssokolowski@cifc.com>
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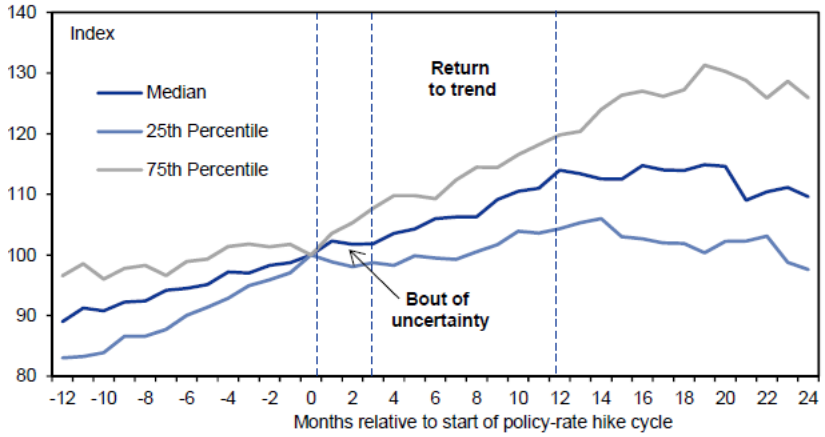
CC:	
Date:	Tue, 9/23/2014 7:19:18 PM
Subject:	Daily Update

Quote of the Day

"Don't be a news reporter, be a journalist." – Unattributable CIFC quote (in relation to monitoring portfolio risk)

- Yesterday was an ugly day for most risk markets. The S&P was down 80bps (worst day since early August). Small caps, commodities, emerging markets and most things growth related took pain off the back of Chinese slowdown concerns. This is a bit worrying however there is a sense that the central bankers still have the markets' back. One theory is that we are in the midst of a "transition" phase in markets as rates appear to be moving higher (again). The chart below shows how risk typically trades higher 12 months ahead of the first hike (but initially stagnates early in the "jawboning" phase). Today is not starting much better. Overnight the US bombed twenty ISIS sites in Syria. Israel also took out a Syrian jet that strayed into Israeli territory (oops, poor guy was probably lost…). On the fundamental front, China flash PMI slightly beat expectations (phew…). Jack Ma is now officially China's richest person ($25bn). Eminis: -2.75. 10 year: 2.55%

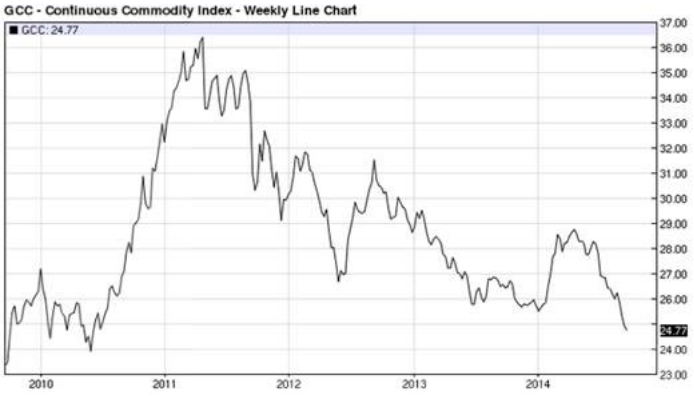


- Data: US PMI came in at 57.9 (slight miss vs. 58 exp). US home sales rose 0.1% in July (Vs. 0.5% exp). Yesterday, US home sales were down 1.8% (vs. +1.0% exp). China HSBC Manufacturing PMI printed at 50.5 (vs. 50.0 exp). Eurozone Composite PMI missed at 52.3 (vs. 52.5 exp). Data chop……

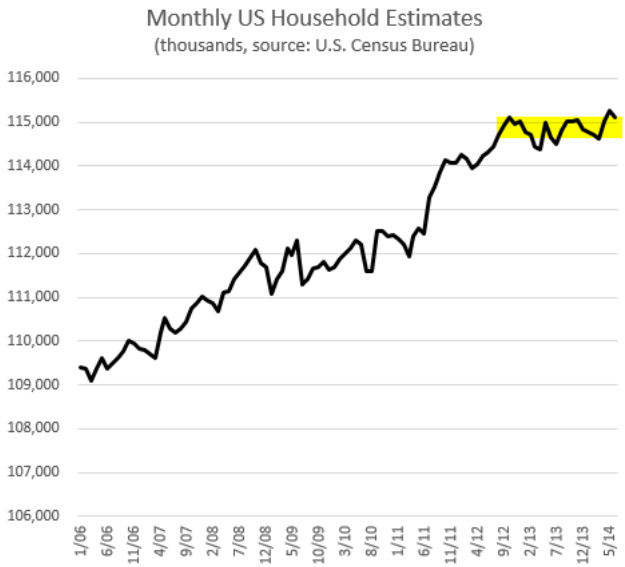
- Credit: Loan prices remain weak as buyers continue to strike in favor of primary. However, loans continue to outperform this month (-0.14% vs. -0.96%). A couple of BWICs emerged yesterday as well (I am hearing that investors are focused on bidding). The levels at which new issue and the BWICs trade should give participants some direction. Other data points include generically better overall buying of high yield, tasty relative value in loans, CLO bid lists circulating through the dealing community and a fast approaching black-out/earnings season. The next big deal for the loan market is Burger King (the bonds price tomorrow). Hearing chatter that it gets done at L+350bps… Loans opening flat/slightly red. Market is still quiet (ABS East and new issue focus). The European high yield market continues to experience a number of idiosyncratic tape bombs that crushing one off bonds. A few dealers here are mentioning it (indicative of skittish dealing desks – what's new?...). Russia is issuing R10bn ($250mm ish) of 2023 bonds tomorrow (what sanctions?...).

- Chart(s) of the Day:

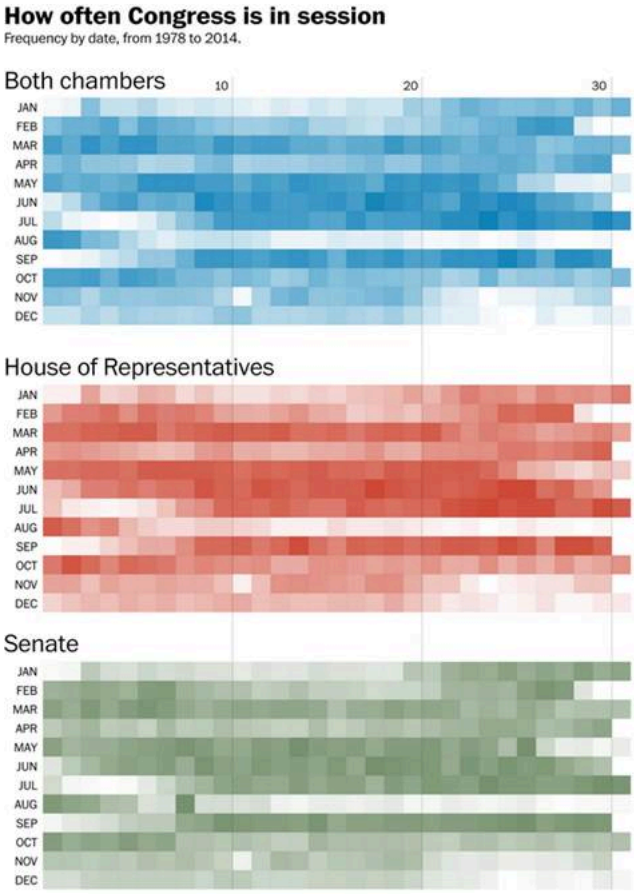
Continues Commodity Index
(there is probably some dollar strength in here but weakness is weakness, in my opinion)



Household Formation



- Other:
  - Ccccya Hawks http://www.ft.com/intl/cms/s/0/aef8fd50-4264-11e4-9818-00144feabdc0.html?ftcamp=published_links%2Frss%2Fhome_us%2Ffeed%2F%2Fproduct&siteedition=intl#axzz3E26T9mo7
  - This could impact some deals in our space http://www.treasury.gov/press-center/press-releases/Pages/jl2647.aspx
  - Uh oh http://online.wsj.com/articles/sec-finds-deficiencies-at-hedge-funds-1411403677?mod=wsj_nview_latest
  - Since 1978 Congress has worked a full week 14% of the time (probably a good thing!)



- HY: 106 7/8 (-)

- IG: 59 (+5/16)
- CSLLI: -0.8% mtd / 2.88% ytd

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